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Caribbean Basin

Retail Foods

Cayman Islands Retail Sector Report

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Report Highlights:

U.S. exports of consumer-oriented agricultural products to the Cayman Islands grew by 10 percent in fiscal year 2013, an indication that several years of stagnant economic activity could be a thing of the past. While still relatively small, the Cayman Islands retail sector appears poised to capitalize on growth opportunities. On average, the sector is expected to expand by about 2.6 annually over the next 5 years.

Post:

Miami ATO

Author Defined:**SECTION I. MARKET SUMMARY**

The Cayman Islands, an overseas territory of the U.K., is located in the western Caribbean Sea, 240 km (149 miles) south of Cuba and 268 km (167 miles) northwest of Jamaica. The territory is comprised of three islands: Grand Cayman, Cayman Brac, and Little Cayman. The total land area of the islands is only 264 sq. km (102 sq. miles), roughly 1.5 times the size of Washington, D.C. Over 95 percent of the 57,000 inhabitants and practically all the economic activity are concentrated on Grand Cayman. Cayman Brac and Little Cayman, also known as the Sister Islands, are home to only about 2,500 inhabitants.

Despite its small size, the Cayman Islands is one of the most stable and prosperous places in the Western Hemisphere. With a per capita GDP of \$43,000, Caymanians enjoy a standard of living comparable to that of Switzerland. The economy is largely dependent on tourism, which accounts for roughly 70 percent of GDP and 75 percent of foreign exchange earnings. Tourism is largely geared toward the high-end luxury market, attracting 320,000 stop-over visitors (2012) primarily from North America and Europe. Approximately 1.5 million cruise ship passengers visit the Cayman Islands annually as well. Another important sector of the economy is offshore financial services. Attracted by the absence of direct taxation, over 93,000 companies are registered in the Cayman Islands, including 300 banks, 800 insurers and 10,000 mutual funds.

With only about 1 percent of its minute land area being arable, agricultural production is quite limited. Consequently, the Cayman Islands relies almost entirely on imported foods to meet the demands of its population and tourists. According to Cayman Islands statistics, food and beverage imports from all sources have grown on average 6 percent over the past 5 years, reaching \$185 million in 2012.

Cayman Islands Imports of Food and Beverages, 2008-2012
(Millions of U.S. Dollars)

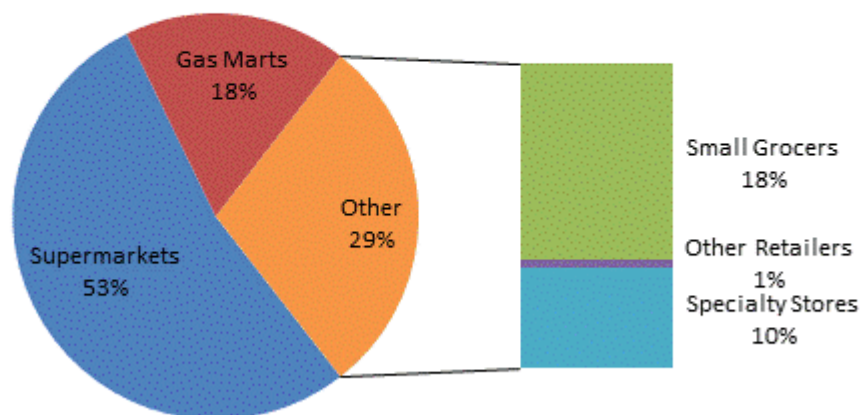
	2008	2009	2010	2011	2012
Food 1/	115.4	110.1	137.7	145.0	155.0
Beverages	32.4	33.4	30.4	28.9	30.8
TOTAL	147.8	143.5	168.1	173.9	185.8

1/- Includes fish and preparations.

Source: Cayman Islands Foreign Trade Statistics, 2012.

An estimated 60 percent of imported foods and beverages are channeled through the retail sector. According to Euromonitor International, the Cayman Islands grocery retail sector is composed of 6 supermarkets, 10 gas marts, and 26 traditional grocery retailers (independent small grocers, food/drink/tobacco specialists, and other grocery retailers). Total retail sector sales (excluding sales tax) are estimated at \$256 million in 2013, with supermarkets accounting for the largest share of the pie as shown below.

Cayman Islands: Distribution of Retail Grocery Sales, 2013



Source: Euromonitor International.

Market Characteristics

- The Cayman Islands economy is recovering from several years of negative growth following the world economic recession. In 2012 real GDP growth was 1.6 percent.
- Grand Cayman is fairly developed. Port, distribution and retail facilities are quite modern.
- In 2012 there were 24,164 households with an average size of 2.35 people per dwelling.
- Expatriates from 135 countries live in the Cayman Islands and make up 44 percent of the population.
- The population is highly educated. Twenty percent of Caymanians 15 years or older have a bachelor's or higher degree.
- Retail customers are made up of roughly 60 percent locals and 40 percent tourists.
- Given their small size, the Sister Islands have only "Mom & Pop" grocery stores, which are supplied by importers/distributors on Grand Cayman. Freight costs can raise prices in these islands considerably (e.g. \$10 for a gallon of milk). Many people from these islands fly to Grand Cayman to stock up on food supplies.
- There is a growing demand for organic and healthy products.
- Wine is not sold in supermarkets, only through liquor stores.

Advantages	Disadvantages
With limited agricultural production, the Cayman Islands must import most of its food needs.	Individual orders tend to be relatively small and favor mixed rather than full container loads.
The United States is the Cayman Islands' main trading partner.	With the economy being so reliant on tourism, any disruption to tourist inflows can have an impact on food demand.
Exposure to U.S. media as well as language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude	Relatively high tariffs can make prices on some food and alcohol products quite high. With no income taxes, tariffs represent a major source of

toward U.S. products.	government revenue.
The regulatory environment is very import-friendly and receptive toward U.S. products.	It may be difficult to introduce new products/brands to a limited pool of importers and retailers who already carry many major U.S. products/brands.
Proximity is a big plus. US exporters, particularly south Florida consolidators, service the market very well and are in many ways better positioned to supply the Cayman Islands than competitors.	Ties to the U.K. and the British Commonwealth partners means there is competition, particularly from the U.K. , Canada and Jamaica.
The import infrastructure in the Cayman Islands is one of the most developed in the Caribbean, allowing for safe and efficient handling and delivery of imported products.	

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

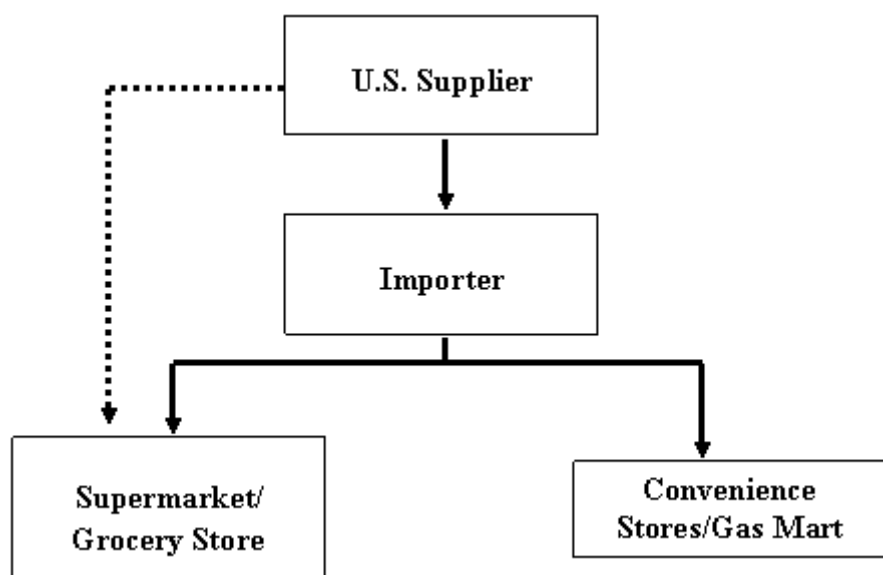
Understanding how imported products flow into the Cayman Islands is key to penetrating the market. There are two main avenues by which imported products are channeled to T&T retailers:

1. The first and most common way is through an importer/distributor. This is by far the preferred method, particularly by smaller retailers who do not possess sufficient warehouse space to handle large volumes.
2. The second avenue entails direct purchases by Caymanian retailers, particularly the larger ones. Many of the larger chains such as Foster's, the nation's largest supermarket chain, have sufficient warehouse space, handle enough volume, and have the necessary international contacts to source products directly. Cost-U-Less, a U.S.-style warehouse-shopping club, is another example of a retailer which imports products directly. However, direct purchasing is not always limited to large retailers. A growing trend involves small retailers (even individuals in some cases) traveling to South Florida to seek out bargains from grocery wholesalers and then shipping products back to Grand Cayman in mixed containers.

All retailers, whether they import directly or not, also purchase imported products through local importers/distributors. To successfully enter the Cayman Islands retail food market, U.S. exporters should contact local importers/distributors and large retailers to gauge interest followed by sending product literature and samples. If feasible, traveling to Grand Cayman to meet with potential customers and see the market first-hand offers the best results. Alternatively, many local importers and retailers also travel to U.S. trade shows such as the Americas Food and Beverage Show in Miami, and the FMI Show and the NRA Show in Chicago. Good follow-up with prospective clients after the trade show is essential in order to develop a successful business relationship.

Market Structure

The flow chart below illustrates how products move from U.S. suppliers to different retail outlets in the Cayman Islands. U.S. suppliers (mainly South Florida exporters) ship product to importers and distributors in Grand Cayman, who in turn sell to supermarkets, gas marts, small groceries and other outlets throughout the islands. The larger retailers will also import directly from South Florida suppliers.



A. Super Stores, Supermarkets, Hyper Markets or Super Centers, Club and Warehouse Outlets

There are 6 major supermarkets in Grand Cayman with an estimated 12,900 sq. m. (139,000 sq. ft.) of selling space. Fosters' Food Fair-IGA is the only chain supermarket, operating four stores. Foster's also operates a warehouse club store (Priced Right) in Georgetown with limited food and beverage selection, a small grocery store (Foster's Express) on East End and a gourmet specialty store (The Bay Market) in Camana Bay. The other two supermarkets (Hurley's and Kirk Market) are single store operations. U.S.-based Cost-U-Less also operates a non-membership warehouse club store in Grand Cayman. Practically all of the larger retailers import, distribute and wholesale both retail and foodservice products. The total value of supermarket sales (excluding sales tax) is estimated at \$136 million in 2013 and is expected to grow by about 2.5 percent annually over the next five years.

Company Profiles

Retailer Name and Outlet Type	Ownership	Sales	No. of Outlets	Locations	Purchasing Agent Type
Foster's Food Fair - IGA (Supermarket)	Local	n/a	4	Georgetown, Seven Mile Beach, West Bay, Savannah	Direct Import & Local distributor
Hurley's (Supermarket)	Local	n/a	1	Grand Harbour	Direct Import & Local distrib.
Cost-U-Less (Warehouse Club)	Local	n/a	1	West Bay	Direct Import & Local distrib.
Kirk Market (Supermarket)	Local	n/a	1	Eastern Ave, Georgetown	Direct Import & Local distrib.

B. Convenience Stores, Gas Marts, Kiosks

There are about ten Texaco (Star Mart) and Esso (Tiger Mart) gas marts strategically located throughout Grand Cayman. Although practically all the snacks and beverages sold at these stores are imported, they will seldom import the products directly. They choose instead to source all their food and beverage products from local distributors. Therefore, the best point of entry is by making contact with the distributors that service these stores and market new goods to them.

Very little differentiates the stores. They sell ready-made products such as pizza and hot dogs, and attract locals and tourists alike. The current estimated size of this market segment is \$45 million (2013). There has been a small contraction in this segment over the past five years, but it is expected to rebound as the overall economy improves.

Company Profiles

Retailer Name and Outlet Type	Ownership	Sales	No. of Outlets	Locations	Purchasing Agent Type
Star Marts	Local (franchise)	n/a	6	Island-wide	Local distributor
Tiger Mart	Local (franchise)	n/a	4	Island-wide	Local distributor

C. Traditional Markets – “Mom and Pop” Small Independent Grocery Stores and Wet Markets

“Mom and Pop” shops, independent grocery stores, and wet markets also source their products through local importers/distributors. Because of the small nature of their operations, traditional market storeowners like to buy from local importers/distributors that can provide them with reasonable prices and regular delivery and service. Most small independent grocery stores operate their stores out of small neighborhood outlets. These operations typically cater to the micro-community (people who live in and around a particular community). Customers receive personalized service and tend to be loyal.

SECTION III. COMPETITION

Country-by country market share statistics for food and beverage products are unavailable. According to the Cayman Islands Foreign Trade Statistics Report for 2012, 89 percent of all goods imported into the country came from the United States. However, the report also notes that this percentage may be overstated due to the fact that the overwhelming amount of goods exported to the Cayman Islands from third countries are transshipped through the United States. Tropical Shipping’s twice-a-week service to Grand Cayman from Miami represents the main import avenue for most goods, even for European products.

U.S. statistics indicate that in 2012 the United States exported \$58.4 million in food and beverages to the Cayman Islands. U.S. market share is estimated to be in excess of 50 percent. Competition exists in the processed products category (canned goods, biscuits, snacks, sauces, specialty items, etc.) primarily from Europe, Canada and Jamaica. New Zealand is also present in the market with dairy products and lamb.

SECTION IV. BEST PRODUCT PROSPECTS

Products Present in the Market Which Have Good Sales Potential

Market opportunities exist for virtually all high-value, consumer-oriented foods/beverages and seafood products. Some of the most prominent categories with excellent sales potential are listed below.

Product Category (SITC Classification)	Market Size (millions of US\$)	Imports (2012, millions of US\$)	5-Yr. Avg. Annual Import Growth (%)	Import Tariff Rate (%) 1/	Key Constraints Over Market Development	Market Attractiveness for USA
Beef, fresh, chilled, frozen	4.7	4.7	14.1	17	Competition from U.S. brands already present in the market.	•Per capita income and disposable income are relatively high. •Consumers have a strong preference for U.S. Products. •The United States is the leading supplier in practically all major product categories.
Poultry carcasses and parts	8.5	8.5	7.8	0-17		
Fish & preparations	11.6	11.6	0.5	0-12		
Vegetables & fruit	33.3	33.3	2.5	0-22		
Breakfast cereals	3.5	3.5	5.9	0		

Source: Trade data from The Cayman Islands' Foreign Trade Statistics Report 2012, tariff rates from Cayman Islands Customs website (Schedule I of the Customs Tariff Law).

Products Not Present in Significant Quantities but that Have Good Sales Potential

- Healthy food products (e.g. organic products)
- Gourmet items

Products Not Present Because They Face Significant Barriers

n/a

SECTION V. POST CONTACT AND FURTHER INFORMATION

A. FOR MORE INFORMATION PLEASE CONTACT:

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B. LINKS TO OTHER USEFUL REPORTS:

Food and Agricultural Import Regulations and Standards (FAIRS) – Cayman Islands Country Report

[click here](#)

Export Guide-Caribbean Basin

[click here](#)

Caribbean Environment for U.S. Agricultural Exports

[click here](#)